

AMENDED IN SENATE JUNE 24, 2010

AMENDED IN ASSEMBLY APRIL 20, 2010

AMENDED IN ASSEMBLY MARCH 9, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1759**

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**Introduced by Assembly Member Blumenfield**  
**(Coauthors: Assembly Members Huffman and Yamada)**  
(Coauthor: Senator Pavley)

February 8, 2010

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An act to amend Section 1374.20 of the Health and Safety Code, and to amend Section 10199.48 of the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 1759, as amended, Blumenfield. Health care coverage: premium rates.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975 (Knox-Keene Act), provides for the licensure and regulation of health care service plans by the Department of Managed Health Care, and makes a willful violation of its provisions a crime. Existing law provides for the regulation of health insurers by the Department of Insurance. Existing law prohibits, ~~except as specified,~~ a health care service plan or a health insurer from changing its premium rates or applicable copayments or coinsurances or deductibles for group health care service plan contracts or group health insurance policies ~~after the group contractholder or group policyholder has delivered written acceptance of the contract or policy, after the start of the open enrollment period, or after receipt of the premium payment for the first month of coverage~~

during specified time periods; however changes to the premium rates or applicable copayments or coinsurances or deductibles are allowed when, among other things, the change is authorized or required in the group contract.

This bill would ~~prohibit a health care service plan or health insurer from using a change in enrollment as the basis for a premium rate change during the length of the group contract~~ instead allow a change to premium rates or applicable copayments or coinsurance or deductibles when required by law. The bill would exempt health care service plan contracts and health insurance policies issued to a small employer from these provisions and would also provide that a violation of ~~that prohibition~~ those provisions would not be subject to the crime provision that applies to the Knox-Keene Act.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 1374.20 of the Health and Safety Code
- 2 is amended to read:
- 3 1374.20. (a) No group health care service plan shall change
- 4 the premium rates or applicable copayments or coinsurances or
- 5 deductibles for the length of the contract, except as specified in
- 6 subdivision (b), during any of the following time periods:
- 7 (1) After the group contractholder has delivered written notice
- 8 of acceptance of the contract.
- 9 (2) After the start of the employer's annual open enrollment
- 10 period.
- 11 (3) After the receipt of payment of the premium for the first
- 12 month of coverage in accordance with the contract effective date.
- 13 (b) Changes to the premium rates or applicable copayments or
- 14 coinsurances or deductibles of a contract shall, subject to the plan
- 15 meeting the requirements of this article, be allowed in any of the
- 16 following circumstances:
- 17 (1) ~~When authorized or required in the group contract~~ a change
- 18 *in applicable copayments, coinsurance, or deductibles is required*
- 19 *by law.*
- 20 (2) When the contract was agreed to under a preliminary
- 21 agreement that states that it is subject to execution of a definitive
- 22 agreement.

(3) When the plan and contractholder mutually agree in writing to a change in applicable copayments, coinsurance, or deductibles.

(c) This section shall not apply to a health care service plan contract issued to a small employer, as defined in Section 1357.

~~(e) A health care service plan shall not use a change in enrollment as the basis for a premium rate change during the length of the contract.~~

~~(d) A violation of this subdivision section shall not be subject to Section 1390.~~

SEC. 2. Section 10199.48 of the Insurance Code is amended to read:

10199.48. (a) No health insurer shall, with regard to a group contract, change the premium rates or applicable copayments or coinsurances or deductibles for the length of the contract, except as specified in subdivision (b), during any of the following time periods:

(1) After the group policyholder or group contractholder has delivered written notice of acceptance of the contract or policy.

(2) After the start of the employer's annual open enrollment period.

(3) After the receipt of payment of the premium for the first month of coverage in accordance with the contract or policy effective date.

(b) Changes to the premium rates or applicable copayments or coinsurances or deductibles of a contract or policy shall, subject to the insurer meeting the requirements of this chapter, be allowed in any of the following circumstances:

(1) When ~~authorized or required in the group contract or policy~~ a change in applicable copayments, coinsurance, or deductibles is required by law.

(2) When the contract or policy was agreed to under a preliminary agreement that states that it is subject to execution of a definitive agreement.

(3) When the insurer and the policyholder or contractholder mutually agree in writing to a change in applicable copayments, coinsurance, or deductibles.

~~(e) A health insurer shall not use a change in enrollment as the basis for a premium rate change during the length of the contract.~~

- 1     (c) *This section shall not apply to a health insurance policy or*
- 2     *contract issued to a small employer, as defined in Section 10700.*

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